

STATE OF LOUISIANA LEGISLATIVE AUDITOR

Athletic Department
University of Louisiana at Monroe
University of Louisiana System
State of Louisiana
Monroe, Louisiana

February 5, 2003



Financial and Compliance Audit Division

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**ATHLETIC DEPARTMENT
UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Monroe, Louisiana**

Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 2002

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge and Shreveport offices of the Legislative Auditor and at the office of the parish clerk of court.

February 5, 2003

**ATHLETIC DEPARTMENT
UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Financial Statement and
Independent Auditor's Report
For the Year Ended June 30, 2002

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January 21, 2003

Independent Auditor's Report on
Applying Agreed-Upon Procedures

DR. JAMES E. COFER, SR., PRESIDENT
UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
Monroe, Louisiana

We have audited the basic financial statements of the University of Louisiana System, as of and for the year ended June 30, 2002, and have issued our report thereon dated December 19, 2002. The University of Louisiana at Monroe is a part of the University of Louisiana System. As requested by the university, we have also performed the procedures, as enumerated below, which were agreed to by management of the university. These procedures were applied to the accounting records and internal controls of the University of Louisiana at Monroe Athletic Department and to the related outside organizations created for or in behalf of the university's intercollegiate athletic programs for the year ended June 30, 2002, solely to assist the university in complying with NCAA Bylaw 6.2.3.1. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of management of the University of Louisiana at Monroe. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and associated findings are as follows:

STATEMENT OF REVENUES AND EXPENDITURES

1. We obtained written representation from management as to the fair presentation of the Statement of Revenues and Expenditures of the intercollegiate athletic programs for the year ended June 30, 2002, as shown on Statement A. We also verified the mathematical accuracy of the amounts on the statement and agreed the amounts to the university's general ledger.

We found no exceptions as a result of these procedures.

LEGISLATIVE AUDITOR

**DR. JAMES E. COFER, SR., PRESIDENT
UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Auditor's Report, June 30, 2002

2. We compared the Statement of Revenues and Expenditures of the intercollegiate athletic programs for June 30, 2002, and June 30, 2001, to identify variances of 5% or greater between individual revenue and expenditure accounts.

As a result of our procedure, we identified variances of 5% or greater in the following revenue and expenditure accounts, for which the university provided satisfactory responses:

Revenues

Expenditures

Transfer from state General Fund
Conference distribution
Vending and other

Professional services

3. We compared the budgeted expenditures to actual expenditures for the year ended June 30, 2002, to identify any variances of 5% or greater in individual expenditure accounts.

As a result of our procedure, we identified variances of 5% or greater in the following expenditure accounts, for which the university provided satisfactory responses:

Professional services
Equipment

4. We obtained from university management a list of contributions received by the athletic department to identify any individual contributions that constituted more than 10% of the total contributions.

No individual contributions were received by the athletic department that exceeded 10% of total contributions.

**INTERNAL CONTROL - POLICIES AND PROCEDURES
RELATING TO INTERCOLLEGIATE ATHLETICS -
AGREED-UPON PROCEDURES**

5. We made inquiries of management and obtained the university's organization chart, employee job descriptions, and written athletic department policies and procedures to identify aspects of internal control unique to the university's intercollegiate athletic department and to detect deficiencies in the components of those controls.

LEGISLATIVE AUDITOR

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UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Auditor's Report, June 30, 2002

We detected no deficiencies in the components of the internal controls unique to the university's intercollegiate athletic department.

6. We performed tests of controls unique to the university's intercollegiate athletic department to determine adherence to established policies and procedures related to revenues and expenditures:

- a. We randomly selected one football game and followed the ticket sales transactions through the university's cash control system.

We found no exceptions as a result of this procedure.

- b. We selected the ten largest athletic department cash disbursement transactions and followed them through the university's accounting system to determine adherence to established policies and procedures.

We found no exceptions as a result of this procedure.

- c. We conducted inquiries and observations of the athletic department personnel to determine their compliance with policies and procedures relating to the control and safeguarding of unsold tickets.

We found no exceptions as a result of this procedure.

- d. We compared the amount of state General Fund appropriation transferred to the Auxiliary Fund (Athletics) to determine compliance with the amount allowed by the Board of Regents.

We found no exceptions as a result of this procedure.

7. We inquired of management about the involvement of the university's internal auditor in the intercollegiate athletic programs.

No reports were issued by the internal auditor relating to the intercollegiate athletic programs.

8. We obtained the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's intercollegiate athletic program to identify deficiencies in the design of those procedures.

LEGISLATIVE AUDITOR

**DR. JAMES E. COFER, SR., PRESIDENT
UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Auditor's Report, June 30, 2002

We found no deficiencies in the design of the university's procedures for gathering information on the nature and extent of booster group activity for or in behalf of the university's intercollegiate athletic program. The University of Louisiana at Monroe Athletic Scholarship Foundation maintains its own accounts.

EXPENDITURES OF OUTSIDE ORGANIZATIONS MADE FOR OR IN BEHALF OF THE UNIVERSITY OF LOUISIANA AT MONROE INTERCOLLEGIATE ATHLETICS PROGRAM

9. We obtained written representation from management of the university that the University of Louisiana at Monroe Athletic Scholarship Foundation was the only outside organization created for or in behalf of the athletic department.
10. We obtained the Statement of Cash Receipts and Disbursements from representatives of the University of Louisiana at Monroe Athletic Scholarship Foundation and agreed the statement to the organization's accounting records.

We found no exception as a result of this comparison.

11. We compared the cash disbursements made by outside organizations for or in behalf of the athletic department to the revenue reported on the university's Statement of Revenues and Expenditures (Statement A) and no reconciling items were identified.

We found no exceptions as a result of this comparison.

12. We compared the direct and in-kind payments from the University of Louisiana at Monroe Athletic Scholarship Foundation to the university with the revenues reported on the university's Statement of Revenues and Expenditures (Statement A) and no reconciling items were identified.

We found no exceptions as a result of this comparison.

13. We obtained the independent auditor's report for the University of Louisiana at Monroe Athletic Scholarship Foundation to identify any reportable conditions relating to the foundation's internal control and make inquiries of management to document any corrective action taken in response to the reportable conditions.

The financial statements of the University of Louisiana at Monroe Athletic Scholarship Foundation were audited by an independent certified public accounting firm for the year ended June 30, 2002. The audit report is dated September 30, 2002, and included no reportable conditions relating to the outside organization's internal control.

LEGISLATIVE AUDITOR

**DR. JAMES E. COFER, SR., PRESIDENT
UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

Auditor's Report, June 30, 2002

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the Statement of Revenues and Expenditures of the intercollegiate athletic programs. Accordingly, we do not express such an opinion. Also, we express no opinion on the University of Louisiana at Monroe's internal control over financial reporting or any part thereof. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the University of Louisiana at Monroe and is not intended to be, and should not be, used by anyone other than management of the university. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Grover C. Austin". The signature is fluid and cursive, with a large, stylized initial "G".

Grover C. Austin, CPA
First Assistant Legislative Auditor

CAC:WJR:RCL:dl

[ULMNCAA02]

UNAUDITED

Statement A

ATHLETIC DEPARTMENT
UNIVERSITY OF LOUISIANA AT MONROE
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA
(A PORTION OF) CURRENT FUNDS -
AUXILIARY ENTERPRISE FUND

Statement of Revenues and Expenditures
For the Year Ended June 30, 2002

REVENUES

Transfer from state General Fund	\$2,456,260
Gate receipts	249,892
Game guarantees	1,096,362
Conference distribution	310,756
Vending and other	232,074
Contributions	594,899
Contributions-in-kind	225,814
Total revenues	<u>5,166,057</u>

EXPENDITURES

Personal services:	
Salaries	2,003,390
Related benefits	331,635
Travel	684,802
Operating services	321,576
Supplies	371,686
Interest expense	49,602
Promotional activities	306,681
Professional services	251,016
Other charges:	
Awards	13,683
Game guarantees	302,800
Scholarships	1,077,561
Equipment	8,616
Total expenditures	<u>5,723,048</u>

**EXCESS (Deficiency) OF REVENUES OVER
EXPENDITURES**

(\$556,991)

The accompanying notes are an integral part of this statement.